

**GOENKA BUSINESS & FINANCE LTD**

**CIN:L67120WB1987PLC042960**

## **Corporate Governance Policy**

### **INTRODUCTION**

Corporate governance is about commitment to values and ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders.

Corporate governance is primarily the responsibility of the Board as a group. The Board performs its duties with the support of managerial staff. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organisation. Consequently, the organisation is able to enhance the trust and confidence of the stakeholders.

### **Corporate Governance Philosophy and Practice**

The Company believes in adopting, adhering and benchmarking itself against the best recognized corporate governance practices. Good corporate governance practices stem from the culture and mindset of the organisation. While practicing good corporate governance, Company strives to communicate, all the material developments and its financial performance in a timely, meaningful and truthful manner. The Company has infused the philosophy of corporate governance into all its activities.

Further, the Company believes that an active, well-informed and Independent Board is necessary to ensure the highest standards of Corporate Governance. The Board shall oversee the performance of the company and should ensure shareholders' protection and maximization of their long term values. There should be an active participation of Independent Directors in the Company.

### **GUIDELINES ON CORPORATE GOVERNANCE**

In pursuance of the guidelines issued by the Reserve Bank of India, the Company has framed the following internal Guidelines on Corporate Governance.



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## **BOARD OF DIRECTORS**

The Board shall be responsible for exercising its business judgments to act in what it reasonably believes to be in the best interests of the Company and its shareholders. The Board of Directors along with its constituted Committees shall provide direction and guidance to the Company's Leadership Team and shall further supervise and review the performance of the Company.

As the Directors occupy fiduciary position, they shall attend and actively participate in Board and its Committee meetings thereof, on which they serve, and shall properly discharge their responsibilities.

The Board shall be responsible for overall compliance with the corporate governance of the Company and oversee the business affairs, in doing so the Board must act honestly, in good faith and in the best interests of the Company. Further the Board will have a vital role to play in the matters relating to Policy Formulation, implementation and strategic issues which are crucial for the long term development of the organization.

### **Fit and Proper criteria for Directors**

The Company shall have a policy put in place for ascertaining the fit and proper criteria at the time of appointment of Directors and on a continuing basis. The Nomination and Remuneration Committee shall review the appointment/re-appointment of Directors considering their qualifications, expertise, track record, integrity and other 'fit and proper' criteria.

### **Size of the Board**

The Board's strength shall be minimum 3 and the maximum number of directors be as per the limit specified in the Companies Act, 2013.

### **Board Composition**

The Company's Board shall have an optimum combination of Executive, Non-Executive and Independent Directors in line with the requirements of the provisions of the Companies Act, 2013 and the Articles of Association of the Company.



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### **Independent Directors**

Independent Directors shall comply with the provisions specified in Schedule IV to the Companies Act, 2013 and the relevant RBI regulations. They shall be eligible for sitting fees for attending the meetings of the Board, Committees', etc. They shall also be eligible for commission on profits if approved by the Board. The sitting fees and commissions payable, if any, shall be within the prescribed limits of the Companies Act, 2013 and as approved by the Board and Shareholders. Apart from sitting fees and commission, the Independent Directors shall also be eligible for reimbursement of expenses incurred for attending the Board and other meetings.

Other Non-Executive Directors of the Company shall be eligible for compensation as may be approved by the Board.

### **Board Meetings and Quorum**

The Board Meetings of the Company shall be held as per the requirements prescribed under the Companies Act, 2013 and as decided by the Board of Directors. The meetings of the Board shall generally be held at the Company's Registered office or corporate office unless otherwise decided by the Board of Goenka Business & Finance Limited. The dates of the meetings shall be fixed well in advance. The quorum shall be as per the requirements of the Companies Act, 2013.

### **Information to be placed before Board and its Committees**

All the matters which are of strategic importance, statutorily mandatory and of material significance shall be placed before the Board. To enable the Board members to discharge their responsibilities effectively and take informed decisions, detailed agenda papers, with explanations on each item, shall be sent to each Director well in advance of the Board and its Committee meetings. All the items on the agenda shall be discussed in detail, during the Board and its Committee meetings. Each Board member is free to suggest inclusion of items in the agenda and raise any matters that are not on the agenda of the Board Meeting with the permission of the Chair. If the subject matter of agenda is sensitive, relevant information can be made available only at the time of the Board Meeting. The Board members shall have complete access to any information, within the Company and to any employee of the Company.



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### **Attendance at Board Meetings**

The Directors shall strive to attend all meetings of the Board and its Committees. In case a Director is unable to attend specific Board Meeting, he or she shall obtain leave of absence from the Board.

### **Minutes**

The minutes of all meetings of the Board shall be circulated to the Board and shall be noted in the consequent Board Meeting.

### **BOARD COMMITTEES**

In order to focus on the critical functions of the Company, the Board may constitute such Committees as and when required to ensure smooth functioning of the Company. The Board shall have the following sub committees:

Audit Committee

Nomination & Remuneration Committee and

Stakeholders Relationship Committee

The terms of reference of the above mentioned Committees shall be determined by the Board from time to time.

Details of the various Board committees are as under:

#### **Audit Committee**

The Audit Committee constitution and functioning shall be in compliance with the provisions of the Companies Act, 2013. The powers and terms of reference of the Audit Committee shall be comprehensive and include the requirements as set out by Section 177 of the Companies Act, 2013. The Committee will be vested with necessary powers, as defined in its Charter to achieve its objectives.



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**Composition:**

The Audit Committee of the Company shall have minimum of three Directors with Independent Directors forming majority as prescribed by the Companies Act, 2013. They shall meet all applicable legal requirements with respect to independence, financial literacy, accounting or related financial expertise, etc. The members of the Audit Committee shall be appointed by the Board of Directors.

The Chairman of the Committee shall be a Non-Executive director who might attend the Annual General Meeting if deemed fit to answer shareholder queries.

The Audit Committee Meeting shall be attended by;

Members of the Audit Committee

Internal Auditors

Statutory Auditors as and when invited

Such other invitees at the discretion of the Chairman of the Committee

Company Secretary, who shall act as the secretary to the Committee

**Quorum and Meetings:**

Quorum shall comprise of two members or one third of the Members of the Audit Committee whichever is higher. At least one meeting of the Committee shall be held per quarter including one prior to the finalization of the Annual Accounts.

**Role of the Committee:**

The Audit Committee shall undertake such duties as per the charter approved by the Board and any such duties as may be delegated to it from time to time.

**Minutes:**

The Company Secretary will maintain minutes of the meetings of the Audit Committee.



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### **Nomination & Remuneration Committee**

The Board shall constitute a Nomination & Remuneration Committee to meet the requirements of Section 178 of the Companies Act, 2013. The Committee shall apart from other things review the appointments and removals of directors and senior management, the compensation related matters of the directors and senior management, evaluation of Directors performance, etc. The Committee will be vested with necessary powers, as per its Charter approved by the Board.

#### **Composition:**

The Nomination & Remuneration Committee of the Board shall have minimum three Non-Executive Directors out of which not less than one half shall be independent directors.

The chairman of the Company may be appointed as member of Nomination & Remuneration Committee but shall not act as the Chairman of the committee.

The chairman of the committee or any other member of the committee authorized by him, if required shall attend the general meetings of the company.

#### **Quorum and Meetings:**

Quorum shall comprise of two members or one third of the members of the committee, whichever is higher. The Committee shall meet on need basis.

#### **Role of Committee:**

The Nomination & Remuneration Committee shall undertake the duties as per the charter approved by the Board and any other duties as may be delegated to it from time to time.

#### **Minutes:**

The Company Secretary will maintain the minutes of the meeting of the Nomination & Remuneration Committee.



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### **Stakeholders Relationship Committee**

The Board of Directors of a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee consisting of a chairperson who shall be a non-executive director and such other members as may be decided by the Board.

#### **Composition:**

The Stakeholders Relationship Committee consisting of a chairperson who shall be a non-executive director and such other members as may be decided by the Board.

#### **Quorum and Meetings:**

Quorum shall comprise of two members or one third of the members of the committee, whichever is higher. The Committee shall meet on need basis.

#### **Role of Committee:**

The Stakeholders Relationship Committee shall undertake the duties as per the charter approved by the Board and any other duties as may be delegated to it from time to time.

#### **Minutes:**

The Company Secretary will maintain the minutes of the meeting of the Stakeholders Relationship Committee.

### **CODE OF CONDUCT**

The Company shall adopt code of conduct approved by the Board of Directors which is binding on employees and directors of the Company and the same shall be complied with. Code of conduct shall be signed off on annual basis.



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### **WHISTLE BLOWER POLICY**

The Company shall establish a mechanism for the employees and its directors for reporting to the management, concerns about unethical behaviour, actual or suspected fraud or even to which is against the interest of the Company or society or as a violation of the Company's Code of Conduct or ethics policy.

The Whistle Blower Policy shall provide for adequate safeguards against victimization of persons who use this mechanism and shall also provide direct access to the Chairman of the Audit Committee in exceptional cases. An update on whistle blower cases and investigation conducted thereon shall be presented before the Audit Committee every quarter.

### **DISCLOSURE TO THE BOARD**

The following disclosures shall be made to the Board of Directors at regular intervals as may be prescribed by the Board in this regard:

progress made in putting in place a progressive risk management system, and risk management policy and strategy followed;

conformity with corporate governance standards viz. in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

### **ROTATION OF STATUTORY AUDITORS/AUDIT PARTNER(S)**

The Company shall rotate the firms of statutory auditors and the audit partner(s) as per the provisions of the RBI guidelines and the Companies Act, 2013.

